GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:195
ANSWERED ON:05.12.2014
EXTERNAL COMMERCIAL BORROWING
Udasi Shri Shivkumar Chanabasappa

Will the Minister of FINANCE be pleased to state:

(a) the guidelines issued by the Government/RBI to regulate the External Commercial Borrowing (ECB);

(b) whether the Government/RBI proposes to review and modify ECB policy in tune with the evolving macro-economic situation, domestic investment demand and external sector developments so as to facilitate the flow of funds to key sectors;

(c) if so, the details thereof and the extent to which rural/urban housing sector are likely to be benefited as a result thereof; and

(d) the other sectors that are also likely to be benefited out of the modified ECB policy?

Answer

MINISTER OF FINANCE (SHRI ARUN JAITLEY)

(a) to (d): A statement is placed on the Table of the House.

Statement referred to in the reply to LokSabha Starred Question No. 195 (a to d) SHRI SHIVKUMAR UDASI, Member of Parliament for December 5, 2014 regarding "External Commercial Borrowing"

(a) External Commercial Borrowings and Trade Credits availed of by residents are governed by clause (d) of sub-section 3 of section 6 of the Foreign Exchange Management Act, 1999 read with Notification No. FEMA 3/ 2000-RB viz. Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, dated May 3, 2000, as amended from time to time.

(b) to (d) A Committee was constituted on January 1, 2014under the chairmanship of Shri M.S. Sahoo, Secretary, the Institute of Company Secretaries of India (ICSI) with representatives from Securities & Exchange Board of India (SEBI), Reserve Bank of India (RBI) and market participants to comprehensively review the framework relating to External Commercial Borrowing (ECBs) andForeign Currency Convertible Bonds(FCCBs) and other issues.